

**COUNTY OF SAN LUIS OBISPO BOARD OF SUPERVISORS
AGENDA ITEM TRANSMITTAL**

(1) DEPARTMENT General Services Agency – Airport Services	(2) MEETING DATE 8/21/2012	(3) CONTACT/PHONE Richard Howell 781-5205	
(4) SUBJECT Approval of an Airline Use and Lease Agreement between the County and US Airways, Inc. at the San Luis Obispo County Regional Airport			
(5) RECOMMENDED ACTION The General Services Agency recommends your Board approve the use and lease agreement and instruct the Chairperson to sign the document.			
(6) FUNDING SOURCE(S) N/A	(7) CURRENT YEAR FINANCIAL IMPACT Annual revenue of approximately \$200,000	(8) ANNUAL FINANCIAL IMPACT Annual revenue of approximately \$200,000	(9) BUDGETED? Yes
(10) AGENDA PLACEMENT <input checked="" type="checkbox"/> Consent <input type="checkbox"/> Presentation <input type="checkbox"/> Hearing (Time Est. _____) <input type="checkbox"/> Board Business (Time Est. _____)			
(11) EXECUTED DOCUMENTS <input type="checkbox"/> Resolutions <input checked="" type="checkbox"/> Contracts <input type="checkbox"/> Ordinances <input type="checkbox"/> N/A			
(12) OUTLINE AGREEMENT REQUISITION NUMBER (OAR) N/A		(13) BUDGET ADJUSTMENT REQUIRED? BAR ID Number: N/A <input type="checkbox"/> 4/5th's Vote Required <input checked="" type="checkbox"/> N/A	
(14) LOCATION MAP N/A	(15) BUSINESS IMPACT STATEMENT? No	(16) AGENDA ITEM HISTORY <input checked="" type="checkbox"/> N/A Date _____	
(17) ADMINISTRATIVE OFFICE REVIEW Vincent Morici			
(18) SUPERVISOR DISTRICT(S) District 3 -			

County of San Luis Obispo



TO: Board of Supervisors

FROM: General Services Agency – Airport Services / Richard Howell
781-5205

DATE: 8/21/2012

SUBJECT: Approval of an Airline Use and Lease Agreement between the County and US Airways, Inc. at the San Luis Obispo County Regional Airport

RECOMMENDATION

The General Services Agency recommends your Board approve the use and lease agreement and instruct the Chairperson to sign the document.

DISCUSSION

In March of 1999 your Board approved a concession and use permit for Mesa Air Group operating as America West Express, which later became US Airways Express, at the San Luis Obispo County Regional Airport (Airport). In May of 2011 US Airways, Inc. (US) severed their contract with Mesa Air Group for all ground handling services at the Airport which included customer service, ticketing and baggage handling. US then contracted with SkyWest Airlines to perform the functions previously performed by Mesa Air Group. US also expressed their intent to lease the facilities previously held by Mesa. The space being leased to US will be used by SkyWest for the ground handling services it provides to US.

The County and US have completed negotiations of a new Airline Use and Lease Agreement related to the above referenced space. The new agreement addresses various issues such as office and ticket counter space, lease rates, acceptable uses, insurance requirements and employee parking. The agreement term extends from May 23, 2011, when US broke its contract with Mesa Air Group to May 31, 2014. While this is a multiyear agreement either party may terminate with 30 days notice.

OTHER AGENCY INVOLVEMENT/IMPACT

County Counsel has reviewed documents for form and legal effect.

FINANCIAL CONSIDERATIONS

The following table describes the rental rates and fees included in the agreement.

Description	Rate	Unit
Exclusive Use Space (Offices and Ticket Counter 617 Sq Ft.)	\$29.80	Square Foot
Common/Shared (Terminal Area, baggage make up and baggage claim)	\$4.15	Per enplaned passenger
Aircraft Landing Fee	\$1.30	Per 1,000 lbs Aircraft landing weight
Unscheduled Overnight Parking	\$25 - \$75	

(based on aircraft size per night)		
------------------------------------	--	--

The annual revenue from the rental of the exclusive space is estimated to be approximately \$18,000, the same as currently received. Revenues from the common/shared space are dependent upon the number of enplaned passengers. Revenues from landing fees are related to the weight of the aircraft and its content. Both of these revenues are currently being received a. The combined annual revenues from this lease are expected to provide approximately \$200,000 in revenue to the Airport. These are existing revenues in the Airport's budget and are not new revenues.

RESULTS

Approval of the Lease will allow for continued air service by US Airways providing ticket price competition and destination options which contribute to the County's goal of a well governed community.

ATTACHMENTS

1. Clerks Filed - US Airways Airline Use and Lease Agreement and attachment